

## Statement of significant changes

### 2020-21 Household Scheme of Charges

We expect that our average household bill will increase by less than the rate of inflation next year because we've taken steps to keep our average bills down. We try to manage the change in bills from year to year where we can. Our research<sup>1</sup> tells us that our household customers would be concerned if their overall bill increased by more than £2 per month, so we try to keep price rises below this level.

Average bill	2019-20	2020-21	Increase	
			%	£ / month
Water	£175	£182	4.1%	£0.50
Waste water	£179	£175	-2.2%	-£0.25
<b>Combined bill</b>	<b>£354</b>	<b>£358</b>	<b>0.9%</b>	<b>£0.25</b>

You can read more about [why bills are changing](#) further on in this document.

### Illustrative bills – household customers

Bills for [typical](#) customers who stay on the same tariff from one year to the next (that is, customers who don't switch to a meter or apply for assistance) will see bill changes that are different from the "average" household. Illustrative bill changes for a range of customers are set out below.

#### Bills for typical customers (all areas except Chester)

	2019-20			2020-21			Increase	£ per month
	Water	Waste	Total	Water	Waste	Total		
<i>Unmeasured</i>								
Low	£101	£67	<b>£168</b>	£103	£69	<b>£172</b>	2.2%	+£0.25
Average	£186	£178	<b>£364</b>	£201	£175	<b>£376</b>	3.1%	+£1.00
High	£279	£267	<b>£547</b>	£299	£259	<b>£559</b>	2.2%	+£1.00
<i>Metered</i>								
Low	£118	£115	<b>£233</b>	£118	£108	<b>£226</b>	-2.9%	-£0.50
Average	£167	£173	<b>£340</b>	£169	£163	<b>£333</b>	-2.1%	-£0.50
High	£261	£265	<b>£526</b>	£270	£250	<b>£519</b>	-1.3%	-£0.50
<i>Assessed chrg</i>								
Single person	£97	£102	<b>£199</b>	£102	£99	<b>£201</b>	0.7%	<£0.25
Flat/Terrace	£175	£163	<b>£339</b>	£184	£152	<b>£337</b>	-0.6%	-£0.25
Semi-detach'd	£191	£194	<b>£385</b>	£205	£187	<b>£392</b>	1.7%	+£0.50
Detached	£214	£239	<b>£453</b>	£231	£225	<b>£456</b>	0.7%	+£0.25
<i>Social Tariffs</i>								
WaterSure+	£173	£179	<b>£352</b>	£182	£175	<b>£358</b>	1.6%	+£0.50
Big Diff'nce 30*	£121	£126	<b>£246</b>	£127	£123	<b>£250</b>	1.6%	+£0.25
Big Diff'nce 70*	£52	£54	<b>£106</b>	£55	£53	<b>£107</b>	1.6%	+£0.25

\*Big Difference customers can receive discounts of between 10% and 90% - two bandings have been presented for illustration.

<sup>1</sup> This research was carried out through customer surveys and focus groups involving customers billed directly by Severn Trent and households billed for ST sewerage on our behalf by South Staffordshire Water.

We also provide water services in the Chester area. We don't provide sewerage services there, so the wastewater charges for these customers will be set by either Dŵr Cymru Welsh Water (DCWW) or United Utilities. We've estimated overall bills including DCWW wastewater bills because they supply the majority of Chester customers.

### Bills for typical customers in Chester

	2019-20			2020-21				
	Water	Waste*	Total	Water	Waste*	Total	Increase	£ per month
<i>Unmeasured</i>								
Low	£101	£257	<b>£358</b>	£103	£273	<b>£376</b>	5.0%	+£1.50
Average	£172	£377	<b>£549</b>	£182	£401	<b>£583</b>	6.1%	+£2.75
High	£229	£473	<b>£702</b>	£245	£503	<b>£748</b>	6.6%	+£3.75
<i>Metered</i>								
Low	£101	£166	<b>£267</b>	£103	£176	<b>£279</b>	4.6%	+£1.00
Average	£140	£221	<b>£361</b>	£146	£235	<b>£381</b>	5.5%	+£1.75
High	£215	£394	<b>£609</b>	£229	£419	<b>£648</b>	6.4%	+£3.25
<i>Assessed</i>								
Single person	£91	£174	<b>£265</b>	£90	£186	<b>£275</b>	3.8%	+£0.75
Multi-occupier <sup>1</sup>	£137	£264	<b>£402</b>	£151	£281	<b>£432</b>	7.6%	+£2.50
<i>Social Tariffs</i>								
WaterSure+	£173	£191	<b>£364</b>	£182	£203	<b>£386</b>	6.0%	+£1.75
Big Diff'nce 30 <sup>2</sup>	£121	£114	<b>£235</b>	£127	£122	<b>£249</b>	5.9%	+£1.25
Big Diff'nce 70 <sup>2</sup>	£52	£114	<b>£166</b>	£55	£122	<b>£176</b>	6.1%	+£0.75

1. Multi-occupier charge combined with DCWW rate for 3 or more persons. DCWW also has a charge for 2 occupants.
2. Big Difference Scheme customers can receive discounts of between 10% and 90% - two bandings have been presented for illustration. Rate combined with DCWW HelpU charge.

Dŵr Cymru sewerage bills for 2020-21 are estimates because we didn't have their final charges at the time of publication. We've taken their charges from last year, modified for inflation and [Ofwat's](#) Final Determination (FD). While our bill increases for Chester customers are generally quite modest, the FD provided for a significant real increase in Dŵr Cymru's average wastewater bills next year. Unmetered customers with high bills can often save money by switching to a meter – there is more information on our [website](#).

## Why bills are changing

Each year the revenue controls set by our regulator, [Ofwat](#), allow us to recover a fixed amount of revenue from our customers. For most of our charges this is modified by inflation, adjustments for performance and any over or under-recovery in previous years.

This year:

- Inflation as measured by the Consumer Prices Index with Housing (CPIH) was 1.5%;
- [Ofwat](#) set revised revenue controls to take account of new requirements – this reduced water revenues by 1.6% and wastewater revenues by 0.7%.
- The new revenue controls also take account of past performance – there are no additional adjustments this year for [Outcome Delivery Incentives](#) (ODIs) or [Revenue Correction](#).

## Customer views

Our research tells us that our household customers would be concerned if their overall bill increased by more than £2 per month, so we try to keep price rises below this level. Because changes in our wastewater bills affect some households that are billed for water by other companies – particularly South Staffs Water - we made sure that we included some of these customers in our research. We also showed a draft of this statement to an online panel of our customers and have taken account of their views regarding the way we communicate bill changes.

We've worked with South Staffs to understand the combined impact on the customers they bill on our behalf. Based on draft charges in October, we expect that most of these customers will not see increases of more than £2 per month because our wastewater charges are generally lower than last year. Our assessment of the impact on South Staffs bills is [here](#).

Our waste water bills have changed a little this year because we're charging separately for highway drainage. This was always part of customers bills before but it's now a separate item on the bill. For metered customers, it's been taken out of the standing charge; for unmetered customers it's been removed from the Rateable Value (RV) based charge. We've also added a small fixed charge for unmetered water customers.

We showed a draft view of our charges to [CCWater](#), who represent the views of water customers. Given the level of change in bills for most customers, CCWater did not raise any significant concerns about the increases we proposed for households.

Our discussions with CCWater were based on indicative charges in October. There is always some variation when we publish our final charges, because we don't know what the final inflation figure will be until December. Another difference this year was Ofwat's Final Determination (FD) of prices limits, which was not published until 16 December. Our FD was broadly in line with what we published at the indicative stage; the CPIH is 0.1% lower than our forecast. Aside from these two factors, we have made no changes that result in a significant difference to customer charges.

As we note above, wastewater bills for our [customers in Chester](#) will probably change a bit more because the FD for Dŵr Cymru Welsh Water has changed quite significantly from Ofwat's draft view. Our water charges for Chester are little different to those we forecast in October.

## Managing changes in customer bills

On 16 December [Ofwat](#) set out its Final Determination of revenue controls for the next 5 years. As this results in below inflation changes in average bills, and modest changes for typical customers, we have taken no further action to adjust household charges this year.

Households with high unmetered bills are likely to see the largest increases. Customers in this position can often reduce their charges by switching to a meter. If you are not already on a meter, you have the option of switching free of charge. If you don't save money by switching, you have two years to change your mind. You can apply via our [website](#).

## Support for customers who struggle to pay their bills

For customers who may struggle to pay their bills, we offer three schemes: WaterSure, WaterSure Plus and the Big Difference Scheme. This year we're planning to increase the number of people we help through these schemes. There is more information on how you might qualify for [WaterSure](#) and the [Big Difference Scheme](#) on our website. We also donate to the [Severn Trent Trust Fund](#), which can help customers who are struggling with their bills.

## Bills for sewerage only customers

The largest group of sewerage only customers in our region are billed by South Staffs Water. While we don't know what their final charges will be at the time of publication, we have worked with them to produce the illustrative bills below based on draft charges in October.

### Estimated Bills for typical South Staffs customers

	2019-20			2020-21				£ per month
	Water	Waste	Total	Water	Waste	Total	Increase	
<i>Unmeasured</i>								
Low	£76	£67	<b>£143</b>	£73	£69	<b>£141</b>	-1.0%	<£0.25
Average	£125	£178	<b>£303</b>	£120	£175	<b>£295</b>	-2.9%	-£0.75
High	£188	£267	<b>£455</b>	£180	£259	<b>£439</b>	-3.4%	-£1.25
<i>Metered</i>								
Low	£104	£115	<b>£219</b>	£100	£108	<b>£208</b>	-5.0%	-£1.00
Average	£147	£173	<b>£320</b>	£141	£163	<b>£304</b>	-5.0%	-£1.25
High	£253	£265	<b>£518</b>	£243	£250	<b>£492</b>	-5.0%	-£2.25
<i>Assessed chrg</i>								
Single person	£90	£102	<b>£192</b>	£86	£99	<b>£185</b>	-3.6%	-£0.50
Flat/Terrace	£144	£163	<b>£307</b>	£138	£152	<b>£290</b>	-5.6%	-£1.50
Semi-detach'd	£201	£194	<b>£395</b>	£192	£187	<b>£379</b>	-4.0%	-£1.25
Detached	£254	£239	<b>£493</b>	£244	£225	<b>£469</b>	-5.0%	-£2.00
<i>Social Tariffs</i>								
WaterSure+	£147	£179	<b>£326</b>	£141	£175	<b>£316</b>	-3.1%	-£0.75
Big Diff'nce 30*	£103	£126	<b>£228</b>	£98	£123	<b>£221</b>	-3.1%	-£0.50
Big Diff'nce 60*	£59	£72	<b>£131</b>	£56	£70	<b>£126</b>	-3.1%	-£0.25

\*Big Difference customers can receive discounts of between 10% and 90% - two bandings have been presented for illustration. This has been combined with an estimated South Staffs Assure tariff, which offers discounts of up to 60%.

We have smaller numbers of sewerage customers on the borders of our area that are billed on our behalf by Anglian Water, Dŵr Cymru Welsh Water, Yorkshire Water and Thames Water. While we have not estimated the bill rises for all customers, given the level of inflation we would expect a similar impact for our other sewerage-only customers.

## Glossary

### Revenue correction

Every five years, Ofwat sets revenue controls for Severn Trent. We are allowed to collect a fixed overall amount to cover the cost of running the network, supplying water, collecting waste water and treating sewage. When we set charges, we try to make sure that they will recover the correct amount in the next charging year, but we need to forecast – for example, we don't know exactly how much water customers will use in advance. If we collect more than Ofwat allowed, we return this to customers by reducing future charges and vice versa.

[Go back](#)

### Outcome Delivery Incentives (ODIs)

When Ofwat sets our revenue controls, we also agree a set of Performance Commitments with Ofwat. These are things that our customers tell us are important to them such as reducing interruptions to supply, leakage and sewer flooding. If we don't hit our targets then customers get a reduction in their bills; if we do really well and exceed the target then we are allowed to collect some more revenue. Overall, ODIs are a small proportion of the average bill. You can read more about what your bills pay for on our website [here](#).

[Go back](#)

### The difference between typical and average bills

An average bill is simply the total amount billed to households divided by the number of household customers. It generally rises at a lower rate than typical bills because some customers will switch to lower tariffs during the course of a year. For example, some customers will opt to have a meter installed if they think that they will save money by doing so; customers that stay on the same tariff will not get this one-off saving. A typical bill is the amount that they will pay if nothing else changes (for example, if a customer is already metered and carries on using the same amount of water from one year to the next).

[Go back](#)